
POLICY LEVEL

PL-P7 Medically Intensive Care Program Rate Increase

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests \$6,282,000 (\$3,120,000 GF-State) in the 2016 Supplemental to increase payment rates, effective July 1, 2016, to address decreased access to skilled nursing in the home setting for a child who requires four to 16 hours of medically intensive care. Access to this type of skilled nursing care supports prompt hospital discharge and prevents hospital readmissions.

PACKAGE DESCRIPTION

The HCA's Apple Health (Medicaid) program covers skilled nursing in the home setting for a child who requires four to 16 hours of private duty nursing services under the medically intensive care program (MICP). This skilled nursing is provided by registered nurses (RN) and licensed practical nurses (LPN). This benefit is one of two options to access skilled care to provide home- based services to child clients once released from a hospital or in lieu of a hospital admission, if appropriate. (The other option is for intermittent skilled nursing care under the home health benefit.)

The HCA is experiencing decreased access to skilled nursing care through the MICP benefit. The current reimbursement rate is not competitive or sufficient to prompt skilled nursing agencies to hire more staff to fill the need. Rates for this service have not been changed since 2007. When the reimbursement rate is not sufficient to help cover staff salaries and benefits, companies are not incentivized to expand staff numbers and provide needed services. Currently, there is a notable gap between supply and demand in the area of home based skilled nursing care resources.

In 2011, there were 244 fee-for-service (FFS) and 69 managed care (MC) children receiving services under the MICP benefit. In 2015, there are (201 FFS, 67 MC). The total dollars paid for this service has dropped from (\$19,712,154 FFS, \$18,149 MC) in fiscal year 2011 to (\$14,921,111 FFS, \$4,272,692 MC) in fiscal year 2015. The need for this care has not changed; it is being offered more frequently in expensive inpatient settings.

Nursing agencies do not have the nursing staff to accept the cases. They report the shortage started in fall 2014 and currently must decline referrals. Many are using wait lists to manage the calls as they are unable to provide immediate service.

These agencies also report they cannot compete with hospital nursing salaries as the rate of reimbursement from Medicaid is so low. They hire and train staff, only to have them leave as for higher paying jobs in a hospital setting. One agency has reported they had a turnover rate of 56 percent in the last year. They hired 140 new staff, 109 of whom left within a few months. Another agency reports their nursing staff has fallen off over 30 percent statewide. In Spokane alone, the need for skilled nursing for children has increased by more than 250 percent since 2014, but they lack the 20 nurses to meet the demand. All agencies report they cannot successfully recruit and hire nurses at this point.

The hospitals that specialize in intensive children's care are calling the HCA to express their concern about the lack of discharge options available to children who are stable and ready for discharge to skilled nursing care. The resulting extended stays adversely affect their bed utilization and operational costs. Mary Bridge Children's Hospital reported the daily rate for a child requiring this level of care is at least \$5,000 per day for room and board. That does not include any medications, diagnostics, equipment, etc. Mary Bridge also reported they are at approximately 100 days of services for all qualifying children that could have been provided at home with skilled nursing care.

Paying for skilled nursing services under the MICP benefit is a more cost-effective use of health care dollars than extended hospital stays, which costs more for Apple Health, hospitals and the patients, who can be exposed to sources of infection and adverse health care outcomes, which can require more treatment and consumes more health care dollars. When a child is in the intensive care unit, there are demands and stress placed on the family. Families must try to meet the needs of other children while trying to provide the support required of the ill child, many of whom are babies who were born premature or with birth defects that require a higher level of care. Uniting the child with the family in their home with the appropriate level of skilled nursing care support can mean a world of difference for a family.

A comparison of rates found that Medicaid's rate is on average 68 percent of the rates being paid by other commercial carriers for the same intensive skilled nursing service. HCA's reimbursement rate of \$35.32 per hour cannot compete with the \$49.34 available from commercial carriers. When the range of hours is between four to 16 per day, the day rate difference is \$121.48 - \$565.12 per day at Medicaid's rate compared to \$197.36 - \$789.44 at the average commercial rate. Since this service is required 7 days a week, four weeks a month, this difference becomes significant to an agency making decisions about how to allocate limited resources.

The HCA is requesting funding to increase reimbursement for RNs and LPNs by \$10 per hour to assure access to this service. This will increase the base Fee-for-Service rate for an RN to \$45.32 and for an LPN to \$37.23. Overtime and holiday pay will be increased hourly by \$10, as well.

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FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
1. Operating Expenditures:			
Fund 001-1 GF-State		\$ 3,120,000	\$ 3,120,000
Fund 001-2 GF-Federal	\$ -	\$ 123,000	\$ 123,000
Fund 001-C GF-Federal Medicaid Title XIX		\$ 3,039,000	\$ 3,039,000
Total	\$ -	\$ 6,282,000	\$ 6,282,000

	FY 2016	FY 2017	Total
2. Staffing:			
Total FTEs	-	-	-
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ -	\$ 6,282,000	\$ 6,282,000
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ -	\$ 6,282,000	\$ 6,282,000
	FY 2016	FY 2017	Total
4. Revenue:			
Fund 001-2 GF-Federal	\$ -	\$ 123,000	\$ 123,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ -	\$ 3,039,000	\$ 3,039,000
Total	\$ -	\$ 3,162,000	\$ 3,162,000

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

The agency hopes to secure and maintain consistent access to home-based intensive skilled nursing care services under the MICP benefit. Accessing this care will prevent extended hospital stays, emergency room visits, inpatient readmissions, and support prompt inpatient discharge. Increasing the utilization of skilled nursing services for children is a better use of state dollar than paying for these more costly alternatives. It also supports better health care outcomes and families.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H010 HCA Apple Health

H011 HCA All Other Clients – Fee for Service – Mandatory Services

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

Yes, it supports the HCA's role in achieving a healthier Washington by assuring accessibility to quality home-based intensive skilled nursing care in lieu of an inpatient hospital setting.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

Yes, increasing reimbursement rates for home-based intensive skilled nursing care contributes to the Results Washington Goal "Healthy and Safe Communities".

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

With the implementation of the Affordable Care Act (ACA) and the expansion in Medicaid enrollees, Medicaid no longer represents a small portion of the patient case mix. There are more Medicaid eligible individuals requiring services, and therefore, it is reasonable that Medicaid should assume responsibility for a more equitable reimbursement for these services.

Excessive inpatient days are costly to hospitals. The reimbursements they receive do not cover the costs associated with extended stays and hospitals must assume those costs. The hospitals are very interested in any measures that can be taken to promote the efficient delivery of acute inpatient services and timely discharge. In addition, the Washington State Hospital Association (WSHA) is supportive of measures that will assist in achieving the statewide goal of reducing potentially preventable readmissions.

The Home Health Association is very interested in measures that will support adequate reimbursement for the care they are experts in delivering and consistent with their mission: to provide quality home based skilled care.

This request affects the Healthier Washington initiative, reducing healthcare costs because of fewer hospital readmissions, and at the same time, provides necessary skilled nursing for children.

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

One alternative considered is to do nothing. This approach will not address the need to access intensive skilled nursing care for children through the MICP benefit. This option perpetuates the inefficient use of state funds, as extended hospital stays will continue.

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

If the HCA does not secure increased access to skilled nursing care services for children, these children will remain in the hospital setting, which is a misuse of appropriated health care dollars. It is more cost effective to transfer these individuals to a home setting where they can safely receive proper intensive skilled nursing services.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

None

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

The HCA assumes this request will qualify for 50.02 percent federal match rates for Fee-for-Service and a 51.49 percent federal match rates for Managed Care.

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

The funding amount requested was derived by capturing the number of all types of visits billed for registered nurses and licensed practical nurse services in fiscal year 2015. If we had paid for these services at the new rate of \$10.00 more per hour the cost would have been an additional cost of \$4,971,000 for Fee-for-Service and \$1,311,000 for Managed Care. Unfortunately, the agency cannot predict what additional costs will be incurred as a result of increasing timely access to this service. This change can be implemented July 1, 2016.

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

These are ongoing costs.

BUDGET IMPACTS IN FUTURE BIENNIA:

These costs will carry over into future biennia. The variation in total costs will be secondary to changes in the number of clients requiring this service.

